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BRIEFER COMMUNICATION.

SOCIOLOGY AND ECONOMICS.

The brilliant papers of Professor Powers now appearing in the *ANNALS* recall the discussion of the same topic at a meeting of the Academy held March 26, 1897, when Professor Sherwood read his paper, since published in the *ANNALS*, on "The Philosophic Basis of Economics: A Word to the Sociologists." Professor Sherwood had prepared a full synopsis of his paper in advance, which led to an interesting discussion, of which so far as I know no record has been preserved. Upon a re-examination of the notes which I used on that occasion, I find them so pertinent to the discussions now engaging the attention of the Academy that I venture to reproduce them here:

Ever since sociology has been recognized at all it has been found difficult to distinguish it from the other sciences to which it is related. The science from which it has been most difficult to separate it has always been that of political economy or economics. Certain economists have insisted that much that has been called sociology belongs to economics and have charged the sociologists with encroaching upon the domain of the economists.

It is well, therefore, to try to arrive at clear definitions of the two sciences. For sociology it may be admitted that no complete definition in concise terms can be found, but this is not true for economics. John Stuart Mill at least has defined that science in a few clear-cut phrases. He says: "It does not treat of the whole of man's nature as modified by the social state, nor of the whole conduct of man in society. It is concerned with him solely as a being who desires to possess wealth, and who is capable of judging of the comparative efficacy of means of obtaining that end. It predicts only such of the phenomena of the social state as take place in consequence of the pursuit of wealth. It makes entire abstraction of every other human passion or motive. . . . Political economy considers mankind as occupied solely in acquiring and consuming wealth; and aims at showing what is the course of action

into which mankind, living in a state of society, would be impelled if that motive . . . were absolute ruler of their actions."

This definition is certainly clear. It is also perfectly consistent with what he elsewhere says, that political economy has nothing to do, except incidentally, with the consumption of wealth. It deals exclusively with production in the broad sense of whatever adds to the value of commodities. That is, it deals with their value to the producer. The whole science proceeds from the standpoint of the producing agent. Advantage to him is the sole advantage considered. When prices, markets and other conditions to consumption are discussed, it is always with reference to their effect on the producer. The real subjects of economics are earnings and profits. In the case of any industry the only question is: Is it a success? or, in vulgar phrase, does it pay? The sole test of success is profit to the manager.

Looked at from this point of view, sociology is almost the direct opposite of economics. Not wholly, however, since sociology does not ignore the good of the producer, the manager of a business, the entrepreneur, etc. They are part of society and are so treated. So long as their profit is not others' loss it is as legitimate a subject as the good of any other class, but no more so. Sociology considers the advantage of all classes. As the social forces are the desires of mankind, it must concern itself primarily with those desires and their satisfaction. But nothing would be produced unless it was desired, and as consumption is simply the satisfaction of the desire for the commodities produced, sociology is primarily concerned with consumption. Its standpoint is always the satisfaction of the desires of men, but it is easy to see that this is equivalent to the general welfare of society. And this is really the purpose of sociology so far as it has a purpose. The purpose of economics is the welfare of the producing agent only. But here again the term producer must be given wide scope. Not only may it include those who add to the value of products by transporting or exchanging them, but it may and does embrace industries which really produce nothing. The most gainful of all forms of business are of this class; I do not say that they are not useful.

But sociology looks into the quality of the product. It deals not only with its immediate value, but with its remote value. The test of a successful enterprise from the sociological standpoint is not whether it is remunerative to those engaged in it, but whether it is advantageous to society. From an economic standpoint no business can be carried on which is not remunerative to those

engaged in it. But society carries on many kinds of business at a pecuniary loss. This is scarcely a question in public enterprises. The question is: Is it a public benefit?

Many persons are unable to see anything except from the economic standpoint. In the discussion of the various questions now before the public mind in relation to natural monopolies this can be clearly seen. If, for example, one reads the railway journals one finds column after column devoted to demonstrating that the state cannot administer a railroad system as economically as a company can manage it. The receipts and expenditures of the state and private roads of Germany, France, Austria, Italy and other countries where both methods exist are minutely marshaled over and over again with all their attendant details. Never will you find any other standpoint taken, and when it is proved, as it always is, that the companies make larger profits than the state, the whole question is supposed to be settled. I was struck with this fact many years ago when everybody was declaring and proving in the way I have pointed out that state control of the Prussian railroads was a failure. I finally had the curiosity, as no one else had thought of doing it, to look at the subject from the sociological standpoint. I took the elaborate statistical report of Prussian railroads for the year 1874, and instead of confining myself to the percentage of expenditures to receipts, or test of lucrativeness, I also worked out the average cost of transporting passengers and freight on state and private lines, which is the test of public advantage. The result was that "while the roads owned and worked by companies yielded 13.7 per cent greater profits than those owned and worked by the state, the latter carried passengers 9.4 per cent and freight 15 per cent cheaper than the former." This constitutes a clear example of the distinction between the economic standpoint and the sociological standpoint, and serves as well as anything I could bring forward to mark off economics from sociology. Such a report as that from which I obtained these results could not be prepared by private enterprise. There is no inducement to do anything that relates entirely to the public welfare. Even the little trouble I was to in extricating the results from the complicated columns of the report had never been taken before and has not been taken since to my knowledge.

I will offer one other example in illustrating this principle. The Department of Labor has recently published in one of its bulletins a valuable paper on "Rates of Wages Paid under Public and Private Contract," prepared by Ethelbert Stewart. Its title, however, does not fully express its value, for in addition to wages paid under

contract, it gives those paid directly by the municipalities where such exist. It is a comparison of these latter with those paid under contract, and especially under private contract, that is of chief interest from the present point of view. From these tables we learn that in Philadelphia, for example, nearly every kind of labor that is employed by the city is paid more than the same kind of labor is paid by private contractors or firms. Blacksmiths receive from the city on an average 31 cents per hour and from other employers 26 cents per hour; carpenters, $32\frac{1}{2}$ against $29\frac{1}{4}$ cents; ordinary laborers, $18\frac{3}{4}$ against 14 cents, and so on. There are, however, a few exceptions, and other cases in which the difference is slight. In New York and Boston as well as in Baltimore the same is true, only as a rule the difference is even more marked.

Sociology looks to the public welfare and the good of society at large. It does this as well in the consideration of national policy as of private business. In discussing taxation, for example, the sociologist is only incidentally interested in what are called its fiscal effects, but chiefly in its social effects. If tariff legislation is defended it is not as a means of raising revenue in the main, but as a means of affecting population favorably, diversifying industry, creating home markets, and stimulating culture and refinement. It is true that under the head of social economics I have formerly maintained that economists were some of them dealing with consumption as a fundamental element. All I have to say to this now is that this social economics is simply sociology, and those economists who are approaching their subject from the standpoint of consumption, whether they know it or not, whether they wish it or not, are in so far dealing with sociology, and therefore instead of the sociologists encroaching upon the domain of economics it is really the economists who are encroaching upon that of sociology. But instead of this arousing any feeling of jealousy on the part of sociologists, I think I fairly represent them when I say that the economists are most heartily welcomed in this field.

To this I would like now to add that with every principle laid down by Professor Powers thus far I am in full accord, and only differ with him as to what it is best to call this new science of welfare as distinguished from the science of wealth. The latter all agree is political economy or economics. There have been some attempts to distinguish economics proper from *social economics*, and to give to the latter a subjective character recognizing the enjoyment of wealth, or the satisfactions that "goods" yield as the chief end of the science, but social economics has been used in other senses, and there is no harmony on that point. I of course main-

tain, in direct opposition of Professor Powers' views as expressed in the November ANNALS (pp. 339-340), that his field is precisely that of sociology, *i. e.*, applied sociology, and repudiate the idea that sociology must narrow down to mere "grouping or association." The study of social groups is the *pons asinorum* of sociology, which many who call themselves sociologists are, it is true, unable to cross. In reality it is not sociology, but a department of ethnology or anthropology. But into this mere question of names I am not now disposed to enter, in view of the vastly more important questions of principle that Professor Powers has so auspiciously raised.

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